

Message Text

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ACTION EA-09

INFO OCT-01 ISO-00 CIAE-00 DODE-00 PM-04 H-01 INR-07 L-03
NSAE-00 NSC-05 PA-01 PRS-01 SP-02 SS-15 USIA-06 OMB-01
TRSE-00 DLOS-06 SAL-01 OES-06 EB-08 COME-00 (ISO) W
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R 290300Z JAN 77
FM AMEMBASSY TOKYO
TO SECSTATE WASHDC 5124
INFO AMEMBASSY SEOUL
AMEMBASSY TAIPEI
AMCONSUL HONG KONG
USLO PEKING
CINCPAC HONOLULU
COMUSJAPAN YOKOTA

C O N F I D E N T I A L SECTION 1 OF 2 TOKYO 1365

CINCPAC FOR POLAD

E.O. 11652: GDS
TAGS: PINT, JA
SUBJECT: DIET SESSION TO RESUME

SUMMARY. LDP MAJORITIES IN UPPER AND LOWER HOUSES
WILL REQUIRE NEW AND IMAGINATIVE APPROACHES AND TAX
PRIMIN FUKUDA'S LEADERSHIP ABILITIES IN 1977 REGULAR
DIET SESSION OPENING JANUARY 31. GOVERNMENT HAS ONLY
MODEST LEGISLATIVE PROGRAM, MOST IMPORTANT ITEM OF
WHICH IS MODESTLY EXPANSIONARY BUDGET. OPPOSITION
PARTIES HAVE PREDICTABLY DEMANDED AMENDMENT, BUT
WHETHER GOJ WILL AGREE OR NOT REMAINS TO BE SEEN.
SESSION WILL BE CONDUCTED UNDER SHADOW OF COMING
UPPER HOUSE ELECTION AND VARIOUS PARTIES WILL FORMULATE
POLICIES WITH THAT IN MIND. END SUMMARY.

1. DIET SESSION OPENING JANUARY 31 POSES MANAGEMENT
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PROBLEMS THAT CAUSE LDP AND OPPOSITION DIETMEN, BUREAUCRACY
AND MEDIA TO BE MORE THAN NORMALLY CAUTIOUS IN PREDICTING
HOW SESSION WILL UNFOLD. AS RESULT OF DECEMBER GENERAL
ELECTION, LDP'S MAJORITY HAS BEEN REDUCED TO FOUR IN
LOWER HOUSE -- IT HAS MAJORITY OF ONE IN UPPER HOUSE --
AND IT HAS LOST CONTROL OF SEVERAL KEY LOWER HOUSE
COMMITTEES, INCLUDING IMPORTANT BUDGET COMMITTEE. ILLNESS

OR ABSENCE OF ONLY A FEW CONSERVATIVE DIETMEN, THEREFORE, COULD CAUSE LOSS OF CRUCIAL VOTES. IN THESE CIRCUMSTANCES, SESSION WILL BE CRITICAL TEST OF NEWLY-ELECTED PRIMIN FUKUDA'S LEADERSHIP. INASMUCH AS BUDGET PASSAGE WILL REQUIRE COOPERATION FROM ELEMENTS OF OPPOSITION WHICH BY TRADITION NORMALLY VOET AGAINST IT, MUCH ATTENTION WILL FOCUS ON HOW OPPOSITION PARTIES WILL USE NEWLY ACQUIRED STRENGTH. WILL THEY BEHAVE RESPONSIBLY OR CONTINUE TO OPPOSE FOR OPPOSITION'S SAKE? NEW LIBERAL CLUB POSTURE WILL COME UNDER ESPECIALLY CLOSE SCRUTINY TO SEE WHETHER IT CAN IN FACT ESTABLISH A CONSERVATIVE, NON-RADICAL OPPOSITION IDENTITY AND STILL REMAIN DISTINGUISHABLE FROM LDP. FINALLY, VARIOUS PARTIES' ATTITUDES AND, CONSEQUENTLY, COURSE OF DIET DELIBERATIONS WILL BE AFFECTED BY THEIR EFFORT TO GAIN ADVANTAGE IN UPPER HOUSE ELECTIONS FOUR OR FIVE WEEKS AFTER ADJOURNMENT.

2. SESSION IS SCHEDULED TO RESUME JANUARY 31, WITH GOVERNMENT POLICY SPEECHES TO BE DELIVERED SAME DAY, FOLLOWED BY GENERAL INTERPELLATIONS IN PLENARY SESSIONS FEBRUARY 3-5. LOWER HOUSE BUDGET COMMITTEE DELIBERATIONS ARE TO COMMENCE ON FEBRUARY 7 OR 8 AND CONSUME MOST OF REMAINDER OF FEBRUARY. IF ALL GOES ACCORDING TO PLAN, DIET WILL ADJOURN MAY 28.

3. GOJ AGENDA, AS OF THIS WRITING, FOLLOWING APPEAR TO BE PRIMARY ISSUES FACING DIET:

--BUDGET. PRIMIN HAS CALLED THIS YEAR OF ECONOMY.
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EXPEDITIOUS PASSAGE OF BUDGET WITH ITS SIGNIFICANTLY EXPANDED PUBLIC WORKS OUTLAYS WILL HAVE PSYCHOLOGICAL AS WELL AS REAL IMPACT ON ECONOMIC RECOVERY. GOJ HOPES TO HAVE BUDGET CLEAR LOWER HOUSE BY FIRST FEW DAYS OF MARCH TO ASSURE AUTOMATIC UPPER HOUSE PASSAGE, MAKING IT LAW, SHORTLY AFTER APRIL BEGINNING OF NEW FISCAL YEAR. ALL FIVE OPPOSITION PARTIES HAVE ALREADY JOINED TOGETHER IN DEMANDING REVISION OF JFY 77 BUDGET TO INCLUDE INCOME TAX CUTS OF SOME 3.3 BILLION DOLLARS (VS. BUDGET PROPOSAL OF 1.2 BILLION) AND INCREASED WELFARE EXPENDITURES.

--TWELVE MILE TERRITORIAL SEA. UNDER MUCH PRESSURE FROM FISHING INTERESTS, GOJ WILL INTRODUCE BILL TO EXPAND JAPAN'S TERRITORIAL SEA TO TWELVE MILES, RESERVING STATUS QUO FOR INTERNATIONAL STRAITS UNTIL CONCLUSION OF SUCCESSFUL LOS CONFERENCE. JSP AND JCP WILL NONETHELESS PRESS GOVERNMENT TO APPLY NON-NUCLEAR TRANSIT PRINCIPLE TO STRAITS.

-- ANTI-MONOPOLY LAW REVISION. GENERALLY OPPOSED
BY BUSINESS COMMUNITY, GOJ IS NEVERTHELESS PREPARING
MILD BILL TO DEMONSTRATE SOME FORWARD MOTION.

--JAPAN-ROK CONTINENTAL SHELF AGREEMENT. BUSINESS
INTERESTS ARE ANXIOUS FOR ESTABLISHMENT OF RELIABLE
FRAMEWORK FOR EXPLOITATION OF UNDERSEA RESOURCES AND ARE
PRESSING FOR EARLY DIET RATIFICATION. BILL, IMPORTANT TO
JAPAN-KOREA RELATIONSHIP, WILL BE INTRODUCED AND DEBATED,
THOUGH PASSAGE BY NOW MEANS ASSURED.

--OKINAWA LAND BILL. REQUIRED BY EXPIRATION MAY 14
OF LEGISLATION ENACTED AT TIME OF OKINAWA REVERSION TO
PERMIT US FORCES USE OF CERTAIN FACILITIES, THIS HAS
BEEN FLAGGED BY MANY OBSERVERS AS A MAJOR CONTENTIOUS
ISSUE.

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4. ASIDE FROM LEGISLATIVE AGENDA, OPPOSITION PARTIES
HAVE ALREADY MADE KNOWN THEIR DISSATISFACTION WITH
"CONCLUSION" OF LOCKHEED INVESTIGATION, AND ARE CLAMORING
FOR RENEWED INVESTIGATION BY DIET AND SUMMONING OF
WITNESSES TO DIET SPECIAL COMMITTEES. JSP AND JCP SEE
KCIA ISSUE AS OFFERING OPPORTUNITY TO GET AT LDP, BUT
MAY LACK INFORMATION ON WHICH TO PROCEED. ALLEGED
INDONESIA LNG SCANDAL AND BOEING IMPROPRIETIES ALSO
HAVE POTENTIAL FOR TROUBLE, AS DO JUST OPENED LOCKHEED

TRIALS AND PUBLICATION OF US SEC REPORT, SHOULD NEW INFORMATION BE REVEALED.

5. OPPOSITION PARTIES ALSO HAVE THEIR PROBLEMS, MOST SIGNIFICANT OF WHICH IS THAT MEANINGFUL COOPERATION AMONG THEM SEEMS TO BE AS ELUSIVE AS EVER. WHILE ALL DEMAND BUDGET REVISIONS, EACH HAS DIFFERENT PRIORITIES AND THEY REALIZE THAT SIGNIFICANT DELAY IN BUDGET'S PASSAGE WILL ALSO DELAY PUBLIC WORKS AND OTHER EXPENDITURES, THUS LAYING THEM OPEN TO CHARGE OF POSTPONING ECONOMIC RECOVERY.
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JSP MAY BE ESPECIALLY SENSITIVE TO THIS POINT AS IT WAS ROUNDLY CRITICIZED FOR HAVING DELAYED BUDGET PASSAGE BY MORE THAN ONE MONTH LAST YEAR. OPPOSITION PARTIES CANNOT LONG OPPOSE TERRITORIAL SEA EXTENSION INASMUCH AS PROPOSAL HAS WON OVERWHELMING SUPPORT FROM LOCAL FISHING INTERESTS WHICH COULD HAVE FAR GREATER ELECTORAL IMPACT THAN MORE ESOTERIC QUESTION OF NON-NUCLEAR PRINCIPLES.

6. THERE IS MUCH TALK ABOUT LINKAGE BETWEEN FUKUDA'S PERFORMANCE IN DIET SESSION, OUTCOME OF UPPER HOUSE ELECTIONS, AND PRIMIN'S ABILITY TO REMAIN IN OFFICE, WITH OR WITHOUT ANOTHER GENERAL ELECTION. IN OUR VIEW SUCH SPECULATION IS PREMATURE, ESPECIALLY INASMUCH AS PERFORMANCE OF ECONOMY IS LIKELY TO HAVE AT LEAST AS MUCH INFLUENCE ON VOTERS AS PRIMIN'S PARLIAMENTARY SKILLS. NONETHELESS, POLITICAL STAKES FOR FUKUDA ARE HIGH, AND HE AND HIS COLLEAGUES WILL BE DEVOTING THEMSELVES TO LEGISLATIVE RELATIONSHIPS IN WEEKS AHEAD TO AN EXTENT THAT WILL MAKE CONCENTRATION ON OTHER BUSINESS DIFFICULT.
HODGSON

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